



How Good Could Your Business Be?

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Good Business

Nudie Jeans is a 100% organic cotton denim company that started in Göteborg and now retails, repairs, re-uses and recycles sustainable jeans across the world. They will repair your Nudie Jeans free of charge, extending their life, adding to their character and reducing their environmental impact. This is a great USP and sits well with their other strong messages on human rights and a living wage.

“I’m the creative director. My role is to develop the brand and make sure that we in every detail should be able to breath, smell and taste Nudie Jeans core values”, says Maria Erixon, Co-founder and Creative Director of Nudie Jeans¹

Nudie Jeans is a serious company. Values are at their core, they pop up in their on-line advertising and they are part of their induction process. We shall return to the values of Nudie Jeans below.

Values and ethics have a close and vital relationship with each and are very much part of our daily lives. This is underlined by the FIFA corruption investigations that hit the headlines in May 2015: the leaders of the beautiful game seem to have forgotten for themselves the values of discipline, fairness and teamwork that football displays on the pitch. Corruption is insidious in all businesses and organisations, and is frequently faced by CEOs, as in this real case-study:

The CEO of an international company with 250 employees really needs to open a daughter company in a specific location in an African country which has a stable government and a functioning bureaucracy. This country has proven to be a real cash cow for the company in the past, and all that stands between them and the licence is a government employee who needs a “little facilitation payment” to make the licence happen. The company tries to be socially responsible but has no formally published code of ethics and certainly no guidelines on bribery, which is in any case illegal in this country.

Values Are Your Compass

Values are, quite simply, attributes that we admire, cherish and uphold. According to Collins English Dictionary they are the “principles and beliefs or accepted standards of a person or social group”; the deep and powerful motivators of personal action. We acquire them in our most formative years at home, at school, at places of worship and, as we grow, at any of the interfaces we have with our local - and broader - society. They are so important that they could affect national security (see advice for schools, the British Government Nov 2014 to promote fundamental British values www.gov.uk).

Core British values would include creativity, discipline, justice and humour, and Swedes would accept broadmindedness, cleanliness, honesty and responsibility as their own. When you discuss this in your company, a lively debate would certainly include the dangers of accepting national and organisational stereotypes, but it would narrow down the choice of values to a consensual list. Although they can be distilled into ten main universal groups that include achievement, security, conformity and benevolence (see S. H. Schwartz on basic values), there are hundreds of values to choose from and they can sometimes conflict with each other:

British Values:

Deference
Politeness
Conformity

Swedish Values:

Equality
Directness
Adaptability



Values are powerful because they are emotional: they come from the heart. They are your compass. Values are powerful because they are emotional: they come from the heart. They are your compass through the dilemmas we face, so knowing your own diverse values and being aware of, and open to, the values of others will improve your understanding, and help you avoid the pitfalls that could ruin a business relationship (see our first article for The Link, Sustainability: It is personal, Issue 322 Sept 2014).

Companies should exhibit and project the values of the people who work in that organisation: it is not the company that has the values. Therefore, it is essential that everyone who works for the organisation is involved in defining those values. Once you initiate this conversation, you will find a positive diversity in values, preventing stagnation and leading to improved motivation and innovation. The only downside is that managing this requires adroit leadership. Just as bio-diversity is important in nature, a mono-culture is dangerous in business: the finance sector is an employer of those who generally value only wealth as a value, and this leads to destructive greed.

Nudie Jeans' values, though, are implicit in what the company does and underpin the company's ethos or culture. Their values crystallise, amongst others, into professionalism, respect, commitment, generosity, cooperation, diligence, humility, security, friendliness and quality. The company culture is informal and relaxed: they regard over-proscriptive rules as too corporate, and yet their message is understood internally. Blanaid Kenny (PR Manager Nudie Jeans) commented that this:

"It makes me super happy that I work for such an open-minded, hard-working, yet relaxed brand. It's all about the individual and to trust us with the job they employed us to do."

Ethics Is Your True North

If values are the foundation for action, then ethics is the control system, to ensure that you make the right decision and take the appropriate action (see our second article in The Link, Personal Responsibility: it is Sustainable Issue 325 April 2015). Put another way, values are the compass for your responsibility, and your ethics is your true north. Ethics is often misunderstood as stiff and doctrinal because it is about right and wrong, and as difficult because we have to study it. You have to use your head. Yet ethics is very much part of life, assumed to have had its birth in the communication and co-operation we needed in our earliest societies: it is part of the human condition, informed by thought and philosophy.

If you were to follow Kant's thinking, then you would never lie. On the face of it, this would be a social good, as we demand more and more transparency. Yet a lie that saves someone embarrassment might be seen as kinder and more acceptable than the humiliating truth. Bentham also focussed on transparency but he is best remembered for his greatest happiness theory (utilitarianism), which is where the right thing to do is that which produces the greatest good for the maximum number of people. If they followed Bentham, pharma companies could help millions of us by eradicating malaria, whilst they still researched and cashed-in on the high-value cures aimed at developed countries. This would not only underpin their licence to operate but would bring unforeseen benefits as developing populations became healthier and wealthier.

It is very useful to have a basic grounding in philosophy (see book recommendation below) but few of us have time for in-depth study. We thus often turn to known short cuts and external advice to help us deal with ethical dilemmas. There is one ethical rule, though, that works in nearly all cultures and this is the Golden Rule: do unto others as would you have done to yourself. A must for any Good business leader, and a foundation of their ethics policy.

Transparency can also be an ethical issue: Edward Snowden is the most (in)famous whistleblower on the planet due to the classified documents he leaked from the US National Security Agency in 2013:

"I understand that I will be made to suffer for my actions," he said at the time, but "I will be satisfied if the federation of secret law, unequal pardon and irresistible executive powers that rule the world that I love are revealed even for an instant." Snowden's actions have led to a global debate on the relationship between national security and online privacy.²

The US government treats him as a criminal³; Steve Wozniak, Apple's co-founder, regards him as a "total hero." Snowden's ethics - from a Benthamite perspective - have put him at odds with the law. To add to our dilemmas, what might be ethical might also be illegal.

A New Journey

Snowden took action: without action (or process), values and ethics will have no impact. Your thinking will be changed but you will be static: this might be fine for a philosopher, but not for a business leader who needs to move.

In our Diamond of Responsibility, Values and Ethics are counterpointed by Stakeholders and Process. We discussed stakeholders at some length in The Link article (April 2015) as they are naturally a key part of the Process.

Each of these four points of the diamond needs to be assessed regularly, even on a daily basis, to give you a map for the journey you need to take. The reason for such an assessment is that things change, including the fact that your original values may not be the ones for either now or the future.

The CEO in our case study took what he felt was the correct business decision: he paid the facilitation fee and started operations. A couple of years later, the government changed, a new set of administrators settled in their offices and the success of the business meant that there was now copy-cat competition on the scene. A more substantial facilitation fee was being demanded plus the business was no longer so easy. Corruption undermines the level playing field, adds to the cost of doing business and, for a values driven person, acts like acid on the heart, bringing the psychological hurt of dread and remorse, and the concomitant physical effects of stress and sleepless nights. It is not hard to imagine the impact that this had on his effectiveness in running the company overall.

Clarity in his values, ethics and stakeholders would have given him a better map from his awareness of his circumstances (process) and aided his thinking. His values might have guided him to walk away but freed his energy to make up for the lost revenue with different projects. He could have used the existence of an ethical policy to negotiate an alternative facilitation deal that benefitted a local church or mosque in the name of that civil servant. There was, however, an actual positive outcome to this. The company strengthened its social responsibility activities and received a real bottom-line payback when the local community stood up for the company in a council dispute, won the day and ensured the company could stay in business. In parallel, the company worked on defining the values espoused by its employees, improving their commitment and enthusiasm, and set up a formalised code of ethics.

The journey to become and continue as a "Good" business needs attention to values and ethics. Your own sense of Personal Responsibility, importantly underpinned by your values and ethical knowledge, means that you can effect real and lasting positive change in your business. As a first move in your new journey, consider any current ethical dilemmas that you face in the light of this article: have you enough pointers to search for, and achieve, a better outcome than you thought possible? If so, you are on your way:

Searching for a "good" option is the ethical quest for the values based person.⁴

References:

1. <http://www.nudiejeans.com/my-story-maria-erixon> (May 2015)
2. http://www.ted.com/speakers/edward_snowden
3. At time of writing this attitude seems to be changing (BBC Radio 4 news 30.05.15)
4. Frank Bucaro <https://www.linkedin.com/pulse/lesser-two-evils-always-frank-bucaro-csp-cpae>

Recommended reading:

- Ben Dupré, 50 ethics ideas you really need to know (Quercus 2013)
- Mary C Gentile, Giving Voice to Values (Yale University Press 2010)
- S Manikutty, Being Ethical - Ethics as the foundation of business (Random House India 2011)
- Mel Thompson, Teach Yourself: Understand Ethics (Bookpoint 1994, 2010)